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SUBJECT: CANADIAN REACTION TO LATEST IPCC REPORT

REF: OTTAWA 0627 AND PREVIOUS

Sensitive but unclassified. Please protect accordingly.

1. (SBU) Summary. Environment minister Baird reacted to the latest IPCC report with a statement promising early announcement of mandatory targets for reducing emissions of GHG and air pollutants. The Conservative government has been under intense pressure for its failure to place a policy priority on the environment when it took office 14 months ago, and it has been playing catch up ever since, especially since its draft Clean Air Act was introduced - and thoroughly panned by the opposition - last fall. The targets Baird promised in his press release were foreshadowed in the Clean Air Act, and their announcement has been expected for several weeks. Most observers still expect targets for GHGs to be intensity-based for an initial period. End Summary.

2. (SBU) Environment minister John Baird reacted to the April 6 release in Brussels of the summary for policy makers of the latest IPCC report with a press release stressing how seriously the Conservative government took climate change and committing to an early announcement of "targets for mandatory reductions of greenhouse gases and air pollution" and an early introduction of "world-leading regulations that will limit the emissions that contribute to climate change and air pollution." He reiterated the mantra of "real action" by the Harper Conservative government, noting new funding for environmental programs of C\$4.5 billion in the budget passed by the House on March 26, and new targets for renewable fuel use in automobiles, among other initiatives.

3. (SBU) Baird's statement promises to announce targets for mandatory reductions in greenhouse gases and air pollution within weeks. In fact, these targets were promised in the Clean Air Act tabled in Parliament last October, and their announcement has been expected for weeks. The original Clean Air Act called for intensity-based targets for greenhouse gas emissions up to 2025, after which they would switch to hard caps. Targets for emissions of air pollutants - ozone, NOX, SOX, volatile organic compounds, mercury, and the like - were already proposed in the form of mandatory limits. Since the Clean Air Act was introduced, the government has engaged provinces and territories and industry in a series of consultations to determine the intensity targets. Senior Environment Canada leadership said the consultations had gone well, as would be expected, but the government has been quiet on the levels of the targets. While the opposition has called unceasingly for strict hard caps on GHG emissions,

most observers still expect the targets for greenhouse gas emissions will be intensity based, at least initially. The question is how strict those intensity targets will be, whether there will be penalties for sectors and individual emitters not meeting their targets, and when the change over from intensity targets will come.

¶4. (SBU) The response of Stephen Harper's Conservative government to climate change and the environment has been uneven, to say the least, and its failure to include the environment as one of its key priority issues in its 2006 election campaign allowed opposition parties to color the Prime Minister, some would say unfairly, anything but green. The near complete absence of climate change messaging in the introduction of the Clean Air Act last October, and the December election of Stephane Dion (the last Liberal environment minister) to Liberal Party and opposition leadership made the government have to run twice as fast just to keep up. In the first three months of the year the government has done its best to stay on the offensive on the environment, naming a new environment minister (Baird, who will make his first official visit to Washington as environment minister later this week), announcing the C\$1.5 billion ecoTrust to fund climate change and energy efficiency programming in the provinces and territories, and embarking on several other initiatives to boost energy efficiency, most predominantly in the transportation sector. In fact, some industry observers have even been concerned that the Conservatives would go too far in formulating the emissions targets in trying to prove themselves "greener than thou."

¶5. (SBU) Still, at this point, the Harper government faces a bit of a "damned if you do; damned if you don't" problem. While the frenetic pace with which these initiatives have

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been rolled out since the first of the year seems to have left much of the electorate with the feeling that Harper's conversion to environmental concern may be politically motivated, the electorate remains uncertain as to how individual Canadians should respond to climate change. A recent nationwide poll found that Canadians) by a large margin) favored measures to incentivize environmentally conscious behavior (tax cuts for energy efficient homes and buildings and individual subsidies for public transit, for example) yet opposed, by similar margins, measures which taxed or fined them directly, especially regarding personal travel.

¶6. (SBU) If Baird's reaction to the report was predictable, opposition reactions to the report and to his statement were even more so. Liberal leader Dion, for example, took the opportunity to criticize the Conservatives for not taking Canada's responsibilities seriously and "go(ing) it alone with intensity targets instead of the absolute targets used by the rest of the world." Dion called on the government to support the re-drafted Clean Air Act (reftel), and concluded by warning that "history will judge Canada harshly if we continue on Mr. Harper's course of undermining international efforts instead of contributing to them." NDP leader Jack Layton joined Dion in calling for passage of the re-drafted Clean Air Act, but implied the Liberals were also playing politics with the bill, all of which left Canada "standing still" instead of leading the global response to the "onslaught of climate change."

¶7. (U) The text of Baird's April 6 statement follows:
"Canada's New Government is serious about tackling climate change and protecting the air we breathe for Canadians today and for the future. The urgency to act is underscored today with the release of this report. That's why in the coming weeks - for the first time in Canadian history - our Government will be announcing targets for mandatory reductions of greenhouse gases and air pollution."

18. (U) "The IPCC has presented further scientific evidence on the challenges Canada and the world is facing and will continue to face with climate change. But this Government hasn't waited to act. We announced \$4.5 billion in new environmental funding in Budget 2007 and have already implemented a comprehensive environmental strategy that totals \$9 billion and includes the ecoENERGY Initiatives, the ecoTransport Strategy, the ecoAUTO Program to encourage Canadians to buy fuel-efficient vehicles, and support for public transit. We also have committed to a five per cent renewable fuel content for Canadian motor vehicles and invested \$1.5 billion in new funding to help the provinces and territories address climate change and air pollution to improve the health of Canadians. Still, more needs to be done."

19. (U) "Shortly, we will be introducing world-leading regulations that will limit the emissions that contribute to climate change and air pollution. Canada's New Government recognizes that leadership on this issue means real action must begin at home. We also realize that for the global community to make real progress on climate change, governments, industries and citizens from around the world must work together, and we must do so now."

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